

MINUTE ITEM

36. RELEASE AGREEMENT, WATER INJECTION, UPPER AND LOWER TERMINAL ZONES, FAULT BLOCK V, WILMINGTON FIELD - L.B.W.O. 10,102.

After consideration of Calendar Item 49 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS THAT THE ENTERING INTO AND PERFORMANCE OF THE AGREEMENT UNDER THE WATER-FLOODING PROGRAM KNOWN AS "RELEASE AGREEMENT (UPPER AND LOWER TERMINAL ZONES OF FAULT BLOCK V)", WILMINGTON FIELD, BETWEEN THE CITY OF LONG BEACH, THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH, AND GENERAL PETROLEUM CORPORATION IS IN THE PUBLIC INTEREST; AND THAT, AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, SUCH AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED, AND THAT SAID AGREEMENT PROVIDES FOR ITS SUBMISSION TO THE STATE LANDS COMMISSION FOR APPROVAL.
2. APPROVES THE AFORESAID AGREEMENT PURSUANT TO THE PROVISIONS OF SECTION 6879 OF THE PUBLIC RESOURCES CODE.

Attachment

Calendar Item 49 (2 pages)

CALENDAR ITEM

49.

RELEASE AGREEMENT, WATER INJECTION, UPPER AND LOWER TERMINAL ZONES, FAULT BLOCK V, WILMINGTON FIELD - L.B.W.O. 10,102.

In accordance with the provisions of Section 6879 of the Public Resources Code, the City of Long Beach has submitted a release agreement relating to water injection into the Upper and Lower Terminal Zones in Fault Block V of the Wilmington Oil Field for approval by the State Lands Commission.

The draft of agreement has been approved by the City Council of the City of Long Beach and by its Board of Harbor Commissioners, and a resolution has been adopted making the findings required precedent to entry into such agreement in compliance with the requirements of Section 6879 of the Public Resources Code. The agreement releases and discharges the City of Long Beach and its drilling and operating contractors from any claims for damage to property owned by General Petroleum Corporation caused by water injection operations by the City into the Upper and Lower Terminal Zones of Fault Block V underlying the City's uplands and City's tidelands.

The City may drill, install and operate one or more water-injection wells upon an upland drillsite under its control and upon the tidelands and may conduct such water-flooding operations therefrom into the Upper Terminal and Lower Terminal Zones as shall be approved by the State Oil and Gas Supervisor and as the City shall consider desirable.

The City, through its drilling and operating contractors, is the only present producer below the Ranger Zone except for the General Petroleum Corporation. The latter has four producing wells in the Upper Terminal Zone. One of these is a dual completion, producing from both the Upper and Lower Terminal Zone. The interests of General Petroleum in the Upper and Lower Terminal Zones of said Fault Block do not warrant water flooding operations from an economic and engineering point of view.

No pooling of production or sharing of expenses is established, or is intended by the subject agreement, and each party shall operate, develop and manage its own property. The draft of the release agreement has been reviewed by the office of the Attorney General with the conclusion that the agreement contains the provisions required by Section 6879 of the Public Resources Code and that they conform with the applicable provisions of law and that they properly may be approved by the Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ENTERING INTO AND PERFORMANCE OF THE AGREEMENT UNDER THE WATER-FLOODING PROGRAM KNOWN AS "RELEASE AGREEMENT (UPPER AND LOWER TERMINAL ZONES OF FAULT BLOCK V)", WILMINGTON FIELD, BETWEEN THE CITY OF LONG BEACH, THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH, AND GENERAL PETROLEUM CORPORATION IS IN THE PUBLIC INTEREST; AND THAT, AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE,

CALENDAR ITEM 49. (CONTD.)

SUCH AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED, AND THAT SAID AGREEMENT PROVIDES FOR ITS SUBMISSION TO THE STATE LANDS COMMISSION FOR APPROVAL.

2. APPROVE THE AFORESAID AGREEMENT PURSUANT TO THE PROVISIONS OF SECTION 6879 OF THE PUBLIC RESOURCES CODE.